
DISCLOSURE STATEMENT

Portfolio Holdings: Structured Notes and Asset-Backed Securities

The Treasury Investment Division has received a number of inquiries concerning our various portfolio holdings. Questions involving structured notes, derivative products*, and asset-backed securities are the most notable.

In an effort to clarify the information provided in our monthly statements, we would like to share with you our investment positions in structured notes and asset-backed securities.

Following are the State of California Treasurer's holdings in each category as of September 30, 2006:

** The Pooled Money Investment Account Portfolio has not invested in, nor will it invest in, Derivative Products as defined in FASB 133.*

1. Structured Notes

Structured notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options. They are issued by corporations and by government-sponsored enterprises such as the Federal National Mortgage Association and the Federal Home Loan Bank System.

U.S. \$200.000 million As of: 09/30/06

2. Asset-Backed Securities

Asset-backed securities entitle the purchaser to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMOs), small business loans, or credit card receivables.

U.S. \$1,338.007 million As of: 09/30/06

Securities Accountability

1) Structured Notes

a. Callable Agency	\$ 00.000 million
b. 3 month LIBOR Agency Floater	\$ 00.000 million
c. 3 month LIBOR Corporate Floater	\$ 200.000 million
d. 2 year CMT Corporate Floater	\$ 00.000 million
e. 3 month T-Bill Agency Floater	\$ 00.000 million
f. 3 month T-Bill Corporate Floater	\$ 00.000 million

2) Asset-Backed

a. Small Business Administration Pools	\$ 703.957 million
b. Agency CMOs	\$ 632.864 million
c. GNMA Pools	\$ 0.232 million
d. FHLMC PC Pools	\$ 0.954 million

Total Portfolio As of: 09/30/06 \$58,377,890,193.60

Structured notes and Asset-backed securities as a percent of
portfolio: 2.634%